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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

SEP 21 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Revisions to Price Cap Rules
for AT&T

CC Docket No. 93-197

COMMENTS

Sprint Communications Company LP hereby respectfully submits its comments on the Notice of Proposed Rulemaking released July 23, 1993 (FCC 93-327) in the above-captioned proceeding. As discussed below, the proposed relaxation of the price cap rules applicable to AT&T's Basket 1 services is unwarranted and should not be adopted.

In the instant NPRM, the Commission has requested comment on four possible revisions to the AT&T price cap plan:

1. Moving optional calling plans (OCPs) out of Basket 1;
2. Moving commercial service out of Basket 1;¹
3. Clarifying or revising the monitoring and reporting of AT&T service quality and network reliability; and
4. Revising the price cap treatment of the remaining Basket 2 and 3 services (800 Directory Assistance and

¹This proposal is similar to the relief requested by AT&T in its September 1, 1992 "Petition for Waiver of Price Cap Regulations for New Commercial Long Distance Service Classification." In this Petition (p. 2, citing AT&T Tariff No. 1, Section 6.20), AT&T defines its commercial long distance services as "domestic and international dial station calls originated on a line for which the subscriber pays a rate that is described as a business or commercial rate in the applicable local exchange service tariff for switched services." This definition apparently does not include OCPs (id., n. 4).

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analog private line, respectively).

There is little reason to believe that these proposals will be beneficial to the majority of MTS customers, are necessary from a competitive perspective, or are even workable. No firm evidence to show that AT&T's market power in the MTS market has decreased has been put forth. If AT&T retains market power here--and the Commission must assume that it does absent a compelling showing to the contrary--then removing more of the relatively minimal consumer protections offered by price cap regulation will provide AT&T with an opportunity to offer preferential treatment to a small segment of its MTS customers (e.g., "commercial" users) at the expense of the bulk of its MTS customers (residential users). As the Commission itself noted (NPRM, paras. 11-12), removal of certain services from Basket 1 raises questions of unlawful restrictions on use and resale.

In urging deregulation of its commercial long distance services in its price cap waiver petition (pp. 6-16), AT&T attempted to resurrect arguments which purported to prove the fully competitive nature of the interstate commercial market: that there are many large and growing competitors; that some of these competitors have massive excess network capacity; and that AT&T's share of interstate long distance minutes has declined significantly. The Commission has already rejected each of these arguments as a basis for removing price cap

regulation on Basket 1 services,² and, as Sprint pointed out in its comments on AT&T's price cap waiver petition, circumstances have not changed sufficiently to warrant reversal of the Commission's findings.³ The same remains true today. For example, the latest FCC market share report (dated June 29, 1993) indicates that AT&T's share of interstate minutes has remained in the low-60 percent range for over three years now, and even increased by 1.7 percentage points in the first quarter of 1993, to 61.6 percent. This market share is, of course, several times greater than that of AT&T's nearest competitor. Such market share results hardly support the view of AT&T as a hamstrung service provider unable to compete because of onerous regulatory restrictions.

Nor is there any indication that existing price cap regulations prevent AT&T from revising its MTS tariff offerings as it deems necessary. Rate changes which are within band and under cap are generally allowed to go into effect on 14 days' notice, as are the numerous promotional offerings which AT&T has made over the past couple of years. And, insofar as Sprint is aware, it has been years since one of AT&T's MTS tariff filings has been rejected.

It may also be unworkable to change the services included in Basket 1 at this point. For example, it is unclear how

²Competition in the Interstate Interexchange Marketplace, 6 FCC Rcd 5880, 5908 (para. 165) (1991).

³A copy of Sprint's comments are included as Attachment A.

clean a split can be made in removing OCPs and/or commercial services from Basket 1. Allocation of exogenous costs and productivity gains, and perhaps even the identification of customers and revenues, will become increasingly difficult to effect as service categories become more and more segmented. The benefits of merging the remaining Basket 2 and/or 3 services into Basket 1 are also unclear. Subscribers of AT&T's MTS services are unlikely to also be subscribers of 800 DA or analog private line services.

For the reasons cited above, further relaxation of price cap regulation of AT&T is unwarranted and the proposals at issue in the NPRM should not be adopted.

Respectfully submitted,

SPRINT COMMUNICATIONS COMPANY LP

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September 21, 1993

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
AMERICAN TELEPHONE AND)
TELEGRAPH COMPANY)
)
Petition for Wavier of Price Caps)
Regulations for New Commercial Long)
Distance Service Classification)
)

COMMENTS OF
SPRINT COMMUNICATIONS COMPANY L.P.

Pursuant to the Commission's Public Notice, released September 11, 1992 (DA 92-1242), Sprint Communications Company LP hereby respectfully submits its comments on AT&T's Petition for Waiver of the Commission's price cap regulations for its new Commercial Long Distance Service filed September 1, 1992.

I. INTRODUCTION.

In CC Docket No. 90-132, the Commission evaluated competition for Basket 1 services and concluded that continued price cap regulation was warranted.¹ In particular, the Commission found that price cap regulation for residential and small business services should be retained, and it decided not to adopt streamlining for IMTS service as suggested by its Notice of Proposed

¹Competition in the Interstate Interexchange Marketplace, 6 FCC Rcd 5880 (1991) (IXC Rulemaking), modified on recon. 7 FCC rcd 2677 (1992). Basket 1 services include domestic MTS, international MTS, operator and credit card services, and Reach Out America.

Rulemaking (5 FCC Rcd 2627 (1990)). The Commission's conclusions regarding the need to continue price cap regulation of all Basket 1 services remain valid. AT&T retains certain competitive advantages from its historic monopoly for Basket 1 services, and the information provided in the Waiver request does not justify removal of the minimal regulatory oversight represented by price caps.²

As discussed below, removal of price cap regulation is not properly treated through the waiver process. Further, AT&T's arguments in support of its Waiver request are without merit. Despite AT&T's contrary claim, its market share has not declined "significantly" (Waiver request at 6),³ nor do its competitors have the capability to immediately absorb significant amounts of AT&T's traffic. Although the number of IXC operating agreements has slowly increased, AT&T's competitors do not compete on an equal basis internationally. Thus, nothing of significance has changed since the release of the Commission's IXC Rulemaking decision which would warrant a change in the regulatory treatment of Basket 1 services.

²AT&T is also seeking removal of price cap regulation in CC Docket No. 92-134. Retention of price cap regulation after June 1993 is discussed in detail in Sprint's Comments filed September 4, 1992 and Reply Comments filed October 5, 1992.

³The Industry Analysis Division's "Long Distance Market Shares" report released October 5, 1992 indicates a 2 percentage point decrease in AT&T's market share in the second quarter of 1992. This figure is anomalous and unreliable for the reasons explained in Section III.

II. THE RELIEF SOUGHT BY AT&T MAY NOT BE CONSIDERED THROUGH THE WAIVER PROCESS.

The relief from price cap regulation for Commercial Long Distance Services sought by AT&T is not considered through the waiver process. The purpose of a waiver is to provide relief from the application of a general rule or policy otherwise in the public interest where unique and special circumstances warrant. The Commission has emphasized that:

...waiver involves consideration of special circumstances which may warrant departure from a general standard in the particular instance. As we have stated, '...the function of a request for waiver is not to change the general standard, a matter with respect to which the opportunity for general comment would be a prerequisite under the Administrative Procedure Act, but to justify an ad hoc exception to that standard on the ground that it works against the public interest in the particular case.'

VHF Drop-In Proceeding, 90 FCC 2d 160, 166 (1982) (footnote omitted), aff'd sub nom., Springfield Television of Utah v. FCC, 710 F.2d 620 (D.C. Cir. 1983), quoting Storer Broadcasting Company, 14 RR 742, 746-47 (1956). The D.C. Circuit has observed that: "[t]he very essence of a waiver is the assumed validity of the general rule..." (WAIT Radio, Inc. v. FCC, 418 F.2d 1153, 1158 (D.C. Cir. 1969), cert. denied, 409 U.S. 1027 (1972)).

Here, AT&T is challenging the "validity of the general rule" which requires price cap regulation for small business services and international MTS services, rather than assuming its validity. To remove small business and certain international MTS services from price cap regulation eviscerates the rule. A change to the general rule, such as that requested by AT&T, must

be made through a rulemaking. In the IXC Rulemaking, the Commission concluded that competition in the interexchange marketplace warranted streamlined regulation of Basket 3. Similarly, streamlined regulation of small business and certain international MTS services must be accomplished through a rulemaking.

III. REMOVAL OF PRICE CAP REGULATION BASED ON A CHANGE IN MARKET POWER, IN AT&T'S MARKET SHARE OR COMPETITIVE CAPACITY IS UNWARRANTED.

AT&T argues that immediate relief from price cap regulation for small business MTS service should be granted because of its competitors' "massive excess network capacity" (Waiver request at 6), the numerous competitive alternatives available to small business customers, and AT&T's decline in market share. Contrary to AT&T's assertions, significant proportions of AT&T's traffic cannot be absorbed immediately due to numerous technical and financial constraints which must be recognized. Further, the competitive situation has not changed in any significant way since the Commission issued its order in the IXC Rulemaking. In that decision, after a full review in an extended rulemaking proceeding, the Commission decided to retain price caps for Basket 1 services. There is no basis for reversing that decision (especially, as already noted, in the context of a waiver request) based on the "new information" provided by AT&T in its Waiver request.

In its IXC Rulemaking order, the Commission did find that sufficient extra capacity existed on the MCI and Sprint networks so that they could immediately absorb approximately 15 percent of

AT&T's business day traffic. However, the important point to be recognized in this proceeding is that AT&T has made no attempt to demonstrate a change in supply capacity from the record upon which the Commission based its IXC Rulemaking decision.⁴

Therefore, there is no reason to alter the Commission's finding that Basket 1 services should be subject to price cap regulation.

⁴Heavy reliance was placed by the Commission upon a "Bell Labs Study" submitted by AT&T and two ex parte letters.

While Sprint firmly believes that this finding is and remains incorrect, in its Comments in the IXC Rulemaking (at 56-77), Sprint explained in detail why substantial unused IXC transmission capacity such as that assumed by AT&T does not exist--at least not for Sprint--and why substantial time and investment would be required to expand service capabilities. First, raw fiber must be "lit" or its speed increased in order to carry additional traffic. For example, as Sprint explained, some of its routes are lit at 405 Mb/s technology as originally installed. The fiber is upgraded only as required by demand because the cost of lighting the fiber is significant. Investment made prematurely results in wasted and uneconomic deployment of resources.

Second, the carrier's network must operate as an integrated whole. In order to absorb a large amount of additional traffic, the entire network must grow. This growth requires additional investment for increased switching and signalling capabilities, more sophisticated repeater technology, and upgraded maintenance and testing facilities. Further, as traffic increases, the "back office" capacity of the carrier must increase. In particular, the billing systems must be expanded; and employees and systems must be added (1) to ensure that adequate access facilities are obtained, installed, serviced and paid for, (2) to handle customer queries and requests, and (3) to monitor, maintain, upgrade and expand the more heavily-trafficked network facilities. Thus, expansion by the competitors to absorb more than normal projected growth would be costly and would require much more than just network expansion.

Third, the Commission appeared to ignore the fundamental flaws in the Bell Labs model, in particular the incorrect assumption that Sprint had "5 to 6 spare digital channels" (Bell Labs Study at 13) and its overestimation of the capacity of Sprint's DMS-250 switches (see Sprint's Reply Comments at 9-26). These invalid assumptions are critical to a determination of how much of AT&T's traffic Sprint could absorb.

As for market share, AT&T claims that competitors have made "significant inroads" into its small commercial customer base and has provided a chart of competitive shares. This chart is seriously flawed. For example, in its description of the source of the figures (Waiver request at 15), AT&T states that it included "all domestic and international interLATA long distance calling, both interstate and intrastate, by Basket 1 Direct Dial commercial customers which is not subject to an optional calling plan or comparable offering." While AT&T may have such information for itself, it is highly unlikely that it could obtain reliable corresponding information about its competitors. It would be particularly difficult to exclude "optional calling plans or comparable offerings" of its competitors based on "financial and regulatory submissions, public statements, and statistical analyses based on customer surveys" (id.). Inclusion of these offerings in the statistics of its competitors while removing them for itself would upwardly bias the market shares of its competitors. Similarly, the information for 1987 and 1988 excludes international data. AT&T does not state whether or how it excluded international usage for small business customers not subscribing to optional calling plans from its competitors' data. Clearly, the Commission cannot rely on the "statistics" provided by AT&T to grant the requested waiver.

At the time AT&T filed its Waiver request on September 1, the Commission's own analyses of "long distance market shares" provided by the Industry Analysis Division showed that AT&T market share had remained virtually unchanged for approximately two years. Specifically, AT&T held 63.0 percent of all

interstate minutes of use in the first quarter of 1990, and 62.3 in the first quarter of 1992. In fact, AT&T's share has increased slightly from a low of 61.7 percent in the second and third quarters of 1991. Clearly, AT&T has been able to meet its well-publicized goal of stemming the erosion of its market share which had declined steadily since the advent of equal access.

The latest report of the Industry Analysis Division (dated October 2, or about a month after AT&T filed its Waiver request) did show approximately a two percent drop in AT&T's market share. However, it is difficult to credit the accuracy of this change in market share. Indeed, according to an article in the Wall Street Journal on October 6, 1992 (p. B8), an AT&T spokesman is quoted as stating that "the company's own data didn't 'show a drop of this magnitude.'" Sprint would agree that the Commission's latest report appears inaccurate and would strongly urge that until further evidence is provided these latest figures not be relied upon.

Sprint has repeatedly complained about the methodology used by the Industry Analysis Division to develop AT&T's market share figures (see, letter to Common Carrier Bureau Chief Richard M. Firestone, dated July 2, 1991, and attached as Appendix A). Specifically, Sprint has pointed out that AT&T itself provides the information for the numerator in its market share ratio. While Sprint is not suggesting that AT&T has done anything wrong, or that its numbers are deliberately misleading, any error in the numerator will produce an inaccurate market share. Sprint has therefore recommended that information on AT&T's access minutes should be obtained from the exchange carriers which provide the

information for the denominator. As noted in the attached letter, Sprint further identified numerous other assumptions which deflate AT&T's reported market share and which should be revised to remove any bias.

In sum, there is no showing that anything has changed which would justify a Commission reversal of its recent determination in the IXC Rulemaking because of any change in customer alternatives, in AT&T market share or because of increased capacity.⁵

The issue of AT&T's dominance in the interexchange marketplace has recently been raised in The Geodesic Network II: 1993 Report on Competition in the Telephone Industry by Peter Huber, John Thorne and Michael Kellogg. They argue that given today's technology, "[c]ompetition in the long distance market is an illusion, a triumph of yesterday's elegant theory over today's economic fact" (cited in Communications Daily, September 23, 1992, p. 2). While Sprint strongly disagrees with this view, it is at least worthy of note that a position diametrically opposed to AT&T's is being vigorously posited by experienced, if not entirely neutral,⁶ analysts of competitive conditions in the long distance market. Obviously, the issue of AT&T's dominance in the

⁵In support of its Waiver request, AT&T cites an increase in route miles of fiber from 80,000 in 1989 to 95,086 in 1991. AT&T omits the fact that over half of this increase was for its own network. AT&T's installation of more fiber than all of its competitors combined demonstrates its intention to retain--if not increase--its market share.

⁶Huber, Thorne and Kellogg are widely regarded as closely associated with the Regional Companies.

long distance market is a matter which remains subject to widely disparate views and to serious dispute. AT&T's waiver petition is not only procedurally and substantively defective, it hardly advances the debate as to AT&T's dominance.

IV. AT&T RETAINS SIGNIFICANT COMPETITIVE ADVANTAGES IN THE PROVISION OF INTERNATIONAL MTS SERVICE.

AT&T includes international service in the category of Commercial Long Distance Services for which it is requesting a waiver of price cap regulation. In support, AT&T argues that there are now numerous facilities-based carriers and resellers and that its competitors have operating agreements with 133 countries. AT&T's numbers ignore the difficulties which its competitors face in securing operating agreements and the imbalance in the accounting rates paid.

Securing operating agreements with the PTTs involves extended periods of negotiations. Even when Sprint or other interexchange carriers enter a particular international market, their ability to exert competitive pressure on AT&T is limited because of the accounting rates established for the purpose of settlements. AT&T's dominant position and long-time relationships with foreign administrations enable it to negotiate lower accounting rates with foreign carriers. This, in turn, lowers its costs in the provision of service in that foreign market.

Although the Commission has stated its "expectation that an accounting rate reduction agreed to by a foreign correspondent will be available to all competing U.S. carriers in a non-discriminatory fashion" (Regulation of International Accounting Rates, 6 FCC Rcd 3552, 3554 (1991)), there are a number of


international markets, especially in Latin America, in which the foreign administrations are reluctant, if not totally unwilling, to make available to Sprint and AT&T's other competitors the accounting rate reductions agreed to with AT&T.⁷ Thus, AT&T's analysis of competition in the international MTS arena based on the numbers of countries served and operating agreements signed is extremely superficial and fails to reflect the remaining imbalances and difficulties faced by its competitors.

V. CONCLUSION.

For the reasons stated herein, AT&T's Waiver request must be denied.

Respectfully submitted,

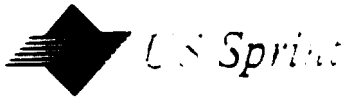
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October 13, 1992

⁷ Examples of this imbalance in accounting rates are found in Sprint's Comments in CC Docket No. 92-134, page 7, fn. 8.



July 2, 1991

Richard M. Firestone
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Mr. Firestone:

The Industry Analysis Division of the Common Carrier Bureau has been estimating AT&T's market share on a quarterly basis since October 1987. These reports receive extensive distribution, and the market share figures are given wide credence (despite disclaimers by Industry Analysis as to the accuracy of the data) because they are released by the Commission and are therefore somehow considered "official." The Commission itself has also relied on the figures released to document the decline of AT&T's market power.

Sprint is troubled by the use of existing Industry Analysis figures for AT&T's market share. First, as noted, there is the question of the accuracy of the data. Second, Sprint believes it is clear that the methodology employed to calculate the market share figures contains a number of important assumptions which have the effect of reducing the reported share for AT&T. Although Sprint does not argue that these assumptions are "incorrect" in any absolute sense, they are clearly not the best assumptions that can be made if market share is intended to provide some guide to AT&T's market power. Third, the Industry Analysis Division introduced new figures on December 22, 1989 purporting to accurately reflect AT&T's market share in terms of revenue. Sprint believes that these figures are of questionable reliability and that their use--particularly to show "trends" in AT&T's market share--needs to be carefully qualified. These problems are discussed, seriatim, below.

The quarterly switched access minute reports are marked by continual changes to the market shares. For example, AT&T's first quarter of 1989 share for all minutes was initially reported to be 66.8%. In subsequent reports it changed as follows: 66.1%, 65.9%, 65.4%, 66.1%, 66.1%,

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66.6%, 66.7%. Such fluctuations indicate serious problems with the underlying data. The data are provided by two sources: (1) AT&T provides its carrier common line usage and (2) NECA provides the industry totals. These fluctuations in the market share have been attributed to revisions by NECA of its data. The positive and negative changes to AT&T's market share figures indicate that NECA is increasing and decreasing quarterly total usage, and thereby increasing and decreasing the denominator in the market share calculation. While there may be legitimate reasons for all of these changes, repeated corrections--both up and down, without any discernible pattern--cast substantial doubt on the accuracy of the information provided.

The process of calculating market share based upon numbers which have been revised several times and which are likely to undergo continued revision is a little bit like building on sand; it is difficult to discern what the "final" numbers will show or when these numbers will become, in fact, "final." It also does not inspire confidence. As noted, AT&T--hardly a disinterested player in this process--is responsible for providing the numerator for the market share calculation. While we do not suggest that AT&T has falsified any data, its interest in the process (and the lack of input by any of its competitors) must be clearly recognized. Sprint believes that the data collected should come from a consistent source and that Industry Analysis needs to consider the possibility of requiring the collection of data which are both more consistent and reliable than that which are currently available.

As for the methodology employed by Industry Analysis, there appears to be some question as to the assumptions made given the fact that the end product will be used as some measure of market power. For example, although the reports state that the market shares are based on "switched access minutes," they are actually based on "carrier common line minutes." The usage charges paid by interstate access customers are (1) carrier common line charges and (2) switched traffic sensitive charges. There are fewer carrier common line minutes than switched traffic sensitive minutes because the carrier common line charge is not applied to the "closed end" of WATS and WATS-like calls, whereas switched traffic sensitive charges are applied.

Industry Analysis assumed that if the ratio of WATS to total minutes were equal for AT&T and other carriers, then the market share calculation would be unaffected (October 21, 1987 Report, page 17). However, this assumption is not borne out by the facts. Because of the magnitude of the non-recurring charges associated with WATS access lines, Sprint and other interexchange competitors of AT&T do not actively promote services using dedicated WATS access lines. AT&T similarly does not market dedicated WATS access lines, but it has a large embedded base for which it can continue

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to provide existing dedicated WATS service without paying additional non-recurring charges.

For this reason, calculation of market shares based on switched traffic sensitive minutes, which captures usage on both ends of WATS service, would provide a more accurate reflection of the share of switched traffic than the current methodology based on carrier common line usage. Using data from the Tier 1 Rollup of the April 2, 1990 TRP, Sprint estimates that use of traffic sensitive minutes would increase AT&T's market share by an average 1.76% during 1989 (see Attachment, page 3).

A similar problem of possible "overstatement" of AT&T's market share results from the inclusion in total minute counts by Industry Analysis of local operating companies' access usage for their interstate intraLATA "corridor" traffic. It would probably be best to exclude such traffic because the local companies cannot expand their "competition" with AT&T outside the corridor, and the local companies cannot, therefore, really be considered competitors of AT&T in the entire intercity market. Moreover, the situation within the corridor reflects a maturity in terms of competition which does not apply to non-corridor traffic.

The percentage of interstate "corridor" usage handled by the Tier 1 local operating companies ranged from 3.46% to 3.99% for carrier common line usage and 3.44% to 3.73% for switched traffic sensitive usage during 1989. Exclusion of local operating company corridor traffic results in an increase in AT&T's market share of from 2.37% to 2.65% for carrier common line usage and from 2.42% to 2.58% for switched traffic sensitive usage (see Attachment, page 2). In 1987, Industry Analysis estimated that removal of such minutes would increase AT&T's market share by 0.75% (Oct. 21, 1987 Report at 15).

There are other assumptions which affect AT&T's market share but whose results cannot be precisely quantified. Due to its direct connections to end offices, AT&T has a slightly shorter call setup time than its competitors, and consequently has fewer access minutes per conversation minute. Further, the methodology used by Industry Analysis assumes that all access minutes not reported by AT&T are handled by other carriers. Customers who buy FX service are billed directly by the local telephone company. In 1987 Industry Analysis estimated that these minutes accounted for about 1.6% of switched access minutes (id. at 14). To the extent that FX users are primarily AT&T customers, AT&T's market share is understated.

Industry market shares based on revenues are also flawed and are particularly dangerous to use in attempting to discern any revenue share "trends." As noted, such data

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were first contained in the December 22, 1989 report. The sources of the statistics are noted on Table 4. In the report dated June 22, 1990, Industry Analysis included revenues from twice as many competitors of AT&T (16 versus 8) as were previously included. Also in that report, the revenues in the "Other" category, which are calculated by multiplying an average revenue per line times the number of presubscribed lines, jumped dramatically due to a higher estimate of the average revenue per line. Not surprisingly, there was a precipitous drop in AT&T's market share. Making such significant changes in one year without adjusting previous years creates a seriously distorted view of changes in the market. Certainly, the revenue per line did not increase suddenly in 1989. The revenue per line should not be derived simply by taking the average of all companies other than AT&T, MCI and Sprint that report their revenues. The composition of services provided by this category of smaller reporting interexchange competitors should be examined carefully before developing an estimate of the average revenue per line. For example, the percentage of alternative operator services companies should be determined. If the percentage is not comparable to that of the reporting companies, an adjustment should be made for their higher-than-average revenue per line.

In addition, inconsistencies in the revenue data provided should be identified and corrected. For example, AT&T's revenues are net of international settlements and do not include enhanced services. Sprint, however, for one, does not subtract its settlements from its reported revenues and includes enhanced services.

Because of the importance of market share data--both minutes and revenues--we think additional work needs to be done to improve the quality of the data used by Industry Analysis. Industry Analysis should also review the assumptions made to ascertain whether there is not, in fact, a possible bias showing AT&T's market share in a way which does not fully reflect its market power. Sprint believes that under present computations, it is probably not too much to say that AT&T's market share in terms of minutes is probably understated by a figure of approximately 5 percent. The market share based on revenue figures are even more difficult to use because of lack of consistency and because of methodological flaws. Nevertheless, here again, AT&T's market share appears to be understated relative to its market power.

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For these reasons, Sprint would encourage that a hard, critical look at the report be undertaken.

Sincerely,



Leon M. Kestenbaum

Attachment

ATTACHMENT

ROLLUP CARRIER COMMON LINE USAGE

QTR.	AT&T USAGE	LEC USAGE	TOTAL CCL USAGE	TOT CCL-LEC USAGE
	(1)	(2)	(3)	(4)
3Q87	37,043,616	1,563,746	51,826,202	50,262,456
4Q87	38,143,916	1,596,419	53,730,523	52,134,104
1Q88	38,617,309	1,722,315	55,547,937	53,825,622
2Q88	38,475,614	1,822,890	56,283,618	54,460,728
3Q88	39,646,951	1,956,436	58,437,220	56,480,784
4Q88	40,299,842	2,198,679	60,379,863	58,181,184
1Q89	41,269,326	2,154,282	62,320,008	60,165,726
2Q89	41,755,022	2,465,559	64,143,764	61,678,205
3Q89	41,966,284	2,524,332	65,263,674	62,739,342
4Q89	43,274,706	2,716,116	68,030,221	65,314,105

ROLLUP SWITCHED TRAFFIC SENSITIVE USAGE

QTR.	AT&T USAGE	LEC USAGE	TOTAL TS USAGE	TOT TS-LEC USAGE
	(1)	(2)	(3)	(4)
3Q87	42,832,625	1,552,152	57,895,429	56,343,277
4Q87	43,765,519	1,563,014	59,457,195	57,894,181
1Q88	44,460,796	1,697,815	61,724,999	60,027,184
2Q88	43,668,823	1,864,368	62,088,591	60,224,223
3Q88	44,941,899	1,945,634	64,144,436	62,198,802
4Q88	45,294,806	1,813,987	65,307,875	63,493,888
1Q89	45,471,480	2,306,727	66,988,614	64,681,887
2Q89	45,923,328	2,515,105	69,016,247	66,501,142
3Q89	46,486,834	2,565,145	69,324,204	66,759,059
4Q89	46,585,604	2,682,824	71,895,090	69,212,266

SOURCE: April 2, 1990 TRP
Tier 1 Companies Rollup
DMD-1

ATTACHMENT

ROLLUP CARRIER COMMON LINE USAGE

QTR.	AT&T% NON- LEC USAGE	AT&T% OF TOTAL USAGE	DIFFERENCE	LEC% OF TOTAL USAGE
	(5)=(1)/(4)	(6)=(1)/(3)	(7)=(5)-(6)	(8)=(2)/(3)
3Q87	73.70%	71.48%	2.22%	3.02%
4Q87	73.16%	70.99%	2.17%	2.97%
1Q88	71.75%	69.52%	2.22%	3.10%
2Q88	70.65%	68.36%	2.29%	3.24%
3Q88	70.20%	67.85%	2.35%	3.35%
4Q88	69.27%	66.74%	2.52%	3.64%
1Q89	68.59%	66.22%	2.37%	3.46%
2Q89	67.70%	65.10%	2.60%	3.84%
3Q89	66.89%	64.30%	2.59%	3.87%
4Q89	66.26%	63.61%	2.65%	3.99%

ROLLUP SWITCHED TRAFFIC SENSITIVE USAGE

QTR.	AT&T% NON- LEC USAGE	AT&T% OF TOTAL USAGE	DIFFERENCE	LEC% OF TOTAL USAGE
	(5)=(1)/(4)	(6)=(1)/(3)	(7)=(5)-(6)	(8)=(2)/(3)
3Q87	76.02%	73.98%	2.04%	2.68%
4Q87	75.60%	73.61%	1.99%	2.63%
1Q88	74.07%	72.03%	2.04%	2.75%
2Q88	72.51%	70.33%	2.18%	3.00%
3Q88	72.26%	70.06%	2.19%	3.03%
4Q88	71.34%	69.36%	1.98%	2.78%
1Q89	70.30%	67.88%	2.42%	3.44%
2Q89	69.06%	66.54%	2.52%	3.64%
3Q89	69.63%	67.06%	2.58%	3.70%
4Q89	67.31%	64.80%	2.51%	3.73%

ATTACHMENT

ROLLUP QTR.	AT&T% TOT. CCL USAGE (9)=(6-CCL)	AT&T% TOT. TS USAGE (10)=(6-TS)	DIFFERENCE (11)=(10)-(9)
3Q87	71.48%	73.98%	2.51%
4Q87	70.99%	73.61%	2.62%
1Q88	69.52%	72.03%	2.51%
2Q88	68.36%	70.33%	1.97%
3Q88	67.85%	70.06%	2.22%
4Q88	66.74%	69.36%	2.61%
1Q89	66.22%	67.88%	1.66%
2Q89	65.10%	66.54%	1.44%
3Q89	64.30%	67.06%	2.75%
4Q89	63.61%	64.80%	1.19%

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Comments" of Sprint Communications Company L.P. were sent via first-class mail, postage prepaid, on this the 13th day of October, 1992, to the below-listed parties:

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Federal Communications
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Ruth Goddard

October 13, 1992

*BY HAND

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Comments" of Sprint Communications Company L.P. was sent via first-class mail, postage prepaid, on this the 21st day of September, 1993, to the below-listed parties:

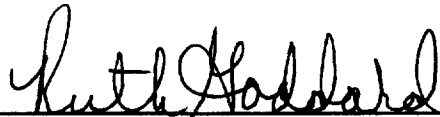
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Ruth Goddard

September 21, 1993